



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
CLINTON COUNTY SHERIFF**

Calendar Year 2000

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE CLINTON COUNTY SHERIFF

Calendar Year 2000

The Auditor of Public Accounts has completed the Clinton County Sheriff's audit for calendar year 2000. We were unable to obtain a legal representation letter from the Sheriff's legal counsel as required by generally accepted auditing standards. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

The Sheriff's fee account had total receipts of \$206,375 and allowable disbursements of \$199,468 resulting in excess fees for calendar year 2000 of \$6,907. As of December 31, 2000, the Sheriff's fee account had a deficit balance of \$19,119. However, the Sheriff deposited personal funds, June 4, 2001, in order to eliminate this deficit.

Liabilities

As of December 31, 2000, the Clinton County Sheriff's fee account had unpaid obligations of \$112,636 consisting of:

- \$19,332 to U.S. Treasurer for federal tax withholdings and matching.
- \$2,675 to Kentucky State Treasurer for carrying concealed deadly weapon license fees
- \$6,400, \$402, and \$6,907 to Clinton County Fiscal Court for retirement withholdings and matching, excess fees for calendar year 2000, and county withholdings
- \$1,877 to Kentucky Law Enforcement Foundation Program Fund for overpayment of grant
- \$3,096 to 1996 tax account for refunds
- \$21,619 to 1997 tax account for overpayment of tax commissions (\$20,423), franchise taxes deposited to fee account (\$1,172), and bank service charges (\$24)
- \$30,638 to 1998 tax account for overpayment of tax commissions (\$28,811), taxes deposited to fee account (\$1,717), and bank service charges (\$110)
- \$3,957 to 2000 tax account for overpayment of tax commissions
- \$756 to Sheriff and employees for payroll adjustments
- \$14,518 to Sheriff for depreciation of automobiles
- \$459 to various vendors for law enforcement equipment and vehicle maintenance and repairs

Receivables:

As of December 31, 2000, the Clinton County Sheriff had receivables of \$65,955 consisting of:

- \$53,814 from the Clinton County Fiscal Court for employer's share of social security, unemployment insurance, overpayment of employer's share of retirement, and contribution for Sheriff's statutory maximum.
- \$3,730 from the Sheriff and employees for payroll adjustments
- \$4,682 from 1998 tax account and \$3,729 from 1999 tax account for tax commissions, bank franchise fee commissions, advertising fees, and interest.

EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
CLINTON COUNTY SHERIFF
Calendar Year 2000
(Continued)

Report Comments:

- The Sheriff Should Seek To Receive \$53,814 Toward His Statutory Maximum Salary And Related Payroll Taxes For Calendar Year 1999 From The Fiscal Court
- The Sheriff Should Pay Excess Fees of \$6,907 To County Treasurer For Calendar Year 2000
- The Sheriff Should Expend Public Funds Only For Necessary Expenses Of The Sheriff's Office
- The Sheriff Should Transfer Correct Commissions From Tax Collections
- The Sheriff Should Maintain Accurate Accounting Records
- The Fiscal Court Should Properly Set Deputy Sheriff Salaries Annually
- The Sheriff Should Properly Report Payroll Wages And Withholdings
- The Sheriff's Office Should Submit A Report To The Fiscal Court For Reimbursement Of Employer's Share Of FICA
- The Sheriff Should Prepare And Publish An Annual Settlement
- The Sheriff Should Obtain Reimbursement From State For Expenses
- The Sheriff Should Have Required Depository Institutions To Pledge Or Provide Additional Collateral Of \$75,658 To Protect Deposits
- Lacks Adequate Segregation Of Duties

Additional Information:

- During calendar year 2000, Sheriff Riddle did not report all retirement wages and withholdings to the County Treasurer.
- During calendar year 2000, Sheriff Riddle did not pay all of the employer's share of retirement reimbursed from the Kentucky Law Enforcement Foundation Program Fund KLEFPF wages to the County Treasurer.
- During calendar year 2000, Sheriff Riddle did not make federal deposits in a timely manner as required by federal law.

Litigation:

On July 21, 2000, Clinton County legal counsel, on behalf of the Clinton County Fiscal Court and Clinton County Taxing Districts, filed a lawsuit in Franklin Circuit Court against Clinton County Sheriff Kay Riddle and his bonding companies, Great American Insurance Company and United Pacific Insurance Company. This lawsuit seeks to recover \$58,797 owed the Clinton County Fiscal Court and Clinton County Taxing Districts per audit reports for Sheriff's Settlement - 1997 Taxes and Sheriff's Settlement - 1998 Taxes. However, as of October 5, 2001, the Sheriff has paid the following amounts included in the \$58,797: \$227 to the Kentucky State Treasurer and \$28,807 to the Clinton County Board of Education. Since this lawsuit is still in the discovery stages, no possible outcome can be predicted at this time.

EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
CLINTON COUNTY SHERIFF
Calendar Year 2000
(Continued)

Litigation: (Continued)

On December 11, 2000, legal counsel, on behalf of the Clinton County Sheriff, filed a lawsuit in Clinton Circuit Court against the Clinton County Judge/Executive. This lawsuit seeks to recover \$53,814 due from the Clinton County Fiscal Court per audit report for Clinton County Sheriff - Calendar Year 1999. These funds represent Sheriff's salary, employer's share of FICA, and unemployment insurance contributions. Since this lawsuit is still in the discovery stages, no possible outcome can be predicted at this time.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Charlene King, Clinton County Judge/Executive
Honorable Kay Riddle, Clinton County Sheriff
Members of the Clinton County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Clinton County, Kentucky, for the year ended December 31, 2000. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

Except as discussed in the fourth paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

We were unable to obtain a legal representation letter from the Sheriff's legal counsel as required by generally accepted auditing standards.

In our opinion, except for the effects on excess fees as discussed in the preceding paragraph, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2000, in conformity with the modified cash basis of accounting.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Charlene King, County Judge/Executive
Honorable Kay Riddle, Clinton County Sheriff
Members of the Clinton County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated April 29, 2002, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discuss the following report comments:

- The Sheriff Should Seek To Receive \$53,814 Toward His Statutory Maximum Salary And Related Payroll Taxes For Calendar Year 1999 From The Fiscal Court
- The Sheriff Should Pay Excess Fees of \$6,907 To County Treasurer For Calendar Year 2000
- The Sheriff Should Expend Public Funds Only For Necessary Expenses Of The Sheriff's Office
- The Sheriff Should Transfer Correct Commissions From Tax Collections
- The Sheriff Should Maintain Accurate Accounting Records
- The Fiscal Court Should Properly Set Deputy Sheriff Salaries Annually
- The Sheriff Should Properly Report Payroll Wages And Withholdings
- The Sheriff's Office Should Submit A Report To The Fiscal Court For Reimbursement Of Employer's Share Of FICA
- The Sheriff Should Prepare And Publish An Annual Settlement
- The Sheriff Should Obtain Reimbursement From State For Expenses
- The Sheriff Should Have Required Depository Institutions To Pledge Or Provide Additional Collateral Of \$75,658 To Protect Deposits
- Lacks Adequate Segregation Of Duties

The schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has been subjected to auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 29, 2002

CLINTON COUNTY
KAY RIDDLE, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2000

Receipts

Federal Fees For Service	\$	7,858
State Grants		9,811
Circuit Court Clerk:		
Sheriff Security Service	\$	6,403
Fines and Fees Collected		7,133
		<hr/>
Fiscal Court:		
Contribution for Office Expenses	\$	29,000
Contribution for Sheriff's Salary		27,535
Election Commissioner		700
		<hr/>
County Clerk - Delinquent Taxes		1,473
Commission On Taxes Collected		66,010
Fees Collected For Services:		
Advertising Fees	\$	950
Accident/Police Reports		28
Auto Inspections		4,425
Carrying Concealed Deadly Weapon Permits		4,890
Court Costs For Fiscal Court		640
Serving Papers		10,780
Sheriff's Add-On Fees -		
10% of Tax and Penalty		13,830
		<hr/>
Other:		
Miscellaneous		817
Interest Earned		995
Transfer From Drug Account		2,000

CLINTON COUNTY
 KAY RIDDLE, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2000
 (Continued)

Receipts (Continued)

Borrowed Money:

State Advancement	\$	17,500
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Total Receipts	\$	206,375
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Disbursements

Operating Disbursements and Capital Outlay:

Payments to State-

Carrying Concealed Deadly Weapon Permits	\$	3,355
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Personnel Services-

Deputies' Salaries	90,802
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Part-Time Salaries	1,875
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Employee Benefits-

Employer's Share Social Security	8,627
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Employer's Share Retirement	661
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Materials and Supplies-

Film Development	55
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Office Materials and Supplies	1,015
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Uniforms	387
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Auto Expense-

Gasoline	9,762
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Maintenance and Repairs	1,839
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Depreciation	2,767
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Other Charges-

Bank Service Charges	149
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Bond	254
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Conventions and Travel	1,214
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Court Costs To Fiscal Court	510
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Miscellaneous	2,285
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CLINTON COUNTY
 KAY RIDDLE, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2000
 (Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay: (Continued)

Other Charges- (Continued)

Penalties and Interest	\$	1,641	
Postage		158	
Transfer to Drug Fund		407	
Capital Outlay-			
Office Equipment		70	
Debt Service:			
State Advancement		<u>17,500</u>	
Total Disbursements	\$		145,333
Less: Disallowed Disbursements - Penalties and Interest			<u>1,641</u>
Total Allowable Disbursements	\$		<u>143,692</u>
Net Receipts	\$		62,683
Less:			
Sheriff's Statutory Maximum	\$	55,070	
Sheriff's Training Incentive		<u>706</u>	<u>55,776</u>
Excess Fees Due County for Calendar Year 2000	\$		<u><u>6,907</u></u>

The Clinton County Fiscal Court did not reimburse the Clinton County Sheriff's office \$8,627 for the employer's share of FICA as required by OAG 68-51. If the fiscal court had paid the Sheriff's office these funds, excess fees due to the county would have been \$15,534 for calendar year 2000.

The accompanying notes are an integral part of the financial statement.

CLINTON COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year. A schedule of excess of liabilities over assets is included in this report as a supplemental schedule. The schedule indicates the cumulative effect of prior year deficits.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent for the first six months and 7.17 percent for the last six months of the calendar year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

CLINTON COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2000
 (Continued)

Note 2. Employee Retirement System (Continued)

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The Sheriff entered into a written agreement with the depository institution and met requirements (a), (b), and (c) stated above. However, as of December 5, 2000, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$75,658 of public funds uninsured and unsecured.

The county official's deposits are categorized below to give an indication of the level of risk assumed by the county official as of December 5, 2000.

	<u>Bank Balance</u>
Collateralized with securities held by the county official's agent in the county official's name	\$ 913,888
FDIC Insured	100,000
Uncollateralized and uninsured	<u>75,658</u>
Total	<u>\$ 1,089,546</u>

Note 4. Drug Eradication Fund

The Sheriff's office maintains a Drug Eradication Fund. Receipts for this fund are from court ordered payments related to drug cases. These funds are reserved for law enforcement involving drug eradication purposes only and are not available for excess fee purposes. As of January 1, 2000, the Drug Eradication Fund had a beginning balance of \$484. Receipts to this fund for 2000 were \$2,940, transfers from the fee account totaled \$407, disbursements totaled \$1,736, and transfers to the fee account totaled \$2,095, leaving an unexpended balance of \$0 as of December 31, 2000.

CLINTON COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2000
(Continued)

Note 5. Receivables

The Clinton County Sheriff is due a receivable of \$53,814 for calendar year 1999 from the Clinton County Fiscal Court. During calendar year 1999, the Sheriff's office fee account did not earn enough money to fund \$42,481 of the Sheriff's salary. KRS 64.535 states that "[t]he . . . sheriff shall . . . receive a monthly salary of one-twelfth (1/12) of the amount indicated by the salary schedule in KRS 64.5275." This statute mandates that the Sheriff is entitled to receive his statutory maximum salary, even if his office fails to generate sufficient fees and other revenues to cover all allowable expenses of his office, including the expense of the sheriff's maximum salary as set out in the salary schedule in KRS 64.5275. In addition, the Sheriff is due a refund of \$11,333 from the fiscal court for paying the employer's share of social security and unemployment insurance. Thus, because the Sheriff's office had a revenue shortfall for calendar year 1999 and was unable to pay all allowable expenses for calendar year 1999, out of fees and other revenues generated by his office, it is the responsibility of the fiscal court to provide funding for the Sheriff's 1999 statutory maximum salary and refund the \$11,333 of employee benefits.

Note 6. Litigation

On July 21, 2000, Clinton County legal counsel, on behalf of the Clinton County Fiscal Court and Clinton County Taxing districts, filed a lawsuit in Franklin Circuit Court against Clinton County Sheriff Kay Riddle and his bonding companies, Great American Insurance Company and United Pacific Insurance Company. This lawsuit seeks to recover \$58,797 owed the Clinton County Fiscal Court and Clinton County Taxing districts per audit reports for Sheriff's Settlement - 1997 Taxes and Sheriff's Settlement - 1998 Taxes. However, as of October 5, 2001, the Sheriff has paid the following amounts included in the \$58,797: \$227 to the Kentucky State Treasurer and \$28,807 to the Clinton County Board of Education. Since this lawsuit is still in the discovery stages, no possible outcome can be predicted at this time.

On December 11, 2000, legal counsel, on behalf of the Clinton County Sheriff, filed a lawsuit in Clinton Circuit Court against the Clinton County Judge/Executive. This lawsuit seeks to recover \$53,814 due from the Clinton County Fiscal Court per audit report for Clinton County Sheriff - Calendar Year 1999. These funds represent Sheriff's salary, employer's share of FICA, and unemployment insurance contributions. Since this lawsuit is still in the discovery stages, no possible outcome can be predicted at this time.

Note 7. Contingency

As noted in the accompanying schedule of excess liabilities over assets, we have included the \$53,814 receivable due from the fiscal court. If the Sheriff were unable to win his lawsuit, he would be required to deposit additional funds, in order to pay those liabilities and transfer funds to his tax accounts in order to pay the taxing districts.

CLINTON COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2000
(Continued)

Note 8. Explanation of December 31, 2000 Deficit

The \$19,119 deficit as of December 31, 2000 resulted from the following transactions:

Disallowed Disbursements:			
1998	\$	1,246	
1999		364	
2000		<u>1,641</u>	\$ 3,251
Undeposited Receipts:			
1998	\$	1,546	
1999		<u>142</u>	1,688
Disbursements In Excess of Receipts - 1998			13,931
Unidentified Transactions - 1998			<u>249</u>
Total Deficit As of December 31, 2000			<u><u>\$ 19,119</u></u>

Included in the schedule of excess of liabilities over assets as of December 31, 2000, is accounts receivable of \$1,500 due from Sheriff Riddle for overpayments to himself. Also under liabilities the Sheriff is due \$399 for underpayments to himself and \$14,518 for automobile depreciation for a net amount due to the Sheriff of \$13,417, which has not been paid.

Sheriff Riddle deposited personal funds of \$21,058 into his tax account, June 4, 2001 and those funds were used to pay part of the 1997 and 1998 taxes due to the Clinton County Board of Education. However, as of December 31, 2000, the Sheriff had a deficit of \$19,119 in his official fee account for calendar year 2000. The Sheriff should have deposited \$19,119 of the personal funds to his official fee account, instead of the tax account, to eliminate the deficit in his official fee account. The Sheriff should then have transferred \$19,119 from the fee account to his 1997 and 1998 tax accounts, because the fee account owed these tax accounts, tax commissions and taxes. We have reflected the \$19,119 in the accompanying schedule of excess of liabilities over assets, which eliminated the deficit.

CLINTON COUNTY
KAY RIDDLE, COUNTY SHERIFF
SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS

December 31, 2000

Assets

Cash in Bank		\$	30,964
Deposits in Transit			15,666
Receivables:			
Due From Clinton County Fiscal Court-			
Employer's Share of FICA-			
1998 Fees	\$	8,335	
1999 Fees		10,682	
Unemployment Insurance-			
1998 Fees		586	
1999 Fees		651	
Overpayment of Employer's Share of			
Retirement - 1999 Fees		1,124	
Contribution For Sheriff's			
Statutory Maximum - 1999 Fees (Note 5)		42,481	\$ 63,859
Due From Sheriff for 1998 Fees-			
Salary Paid in Excess of Statutory Maximum	\$	851	
Erroneous Payment to Sheriff for Prior Year		70	
Overpayment of KLEFPF		150	
Under-withheld County Retirement		100	
Under-withheld FICA		153	1,324
Due From Sheriff for 1999 Fees-			
Under-withheld County Retirement	\$	148	
Under-withheld County Payroll Tax		28	176
Due from Employees for 1998 Fees-			
Overpayment of KLEFPF			437
Due from Employees for 1999 Fees-			
Overpayment of KLEFPF	\$	1,180	
Overpayment of Salaries		54	
Under-withheld County Retirement		174	
Under-withheld FICA		11	
Under-withheld County Payroll Tax		75	
Refunded Retirement Withholdings		299	1,793
Due From 1998 Tax Account-			
Interest	\$	675	
Sheriff's Fee		3,983	
Bank Franchise Fee Commissions		24	4,682

CLINTON COUNTY
 KAY RIDDLE, COUNTY SHERIFF
 SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS
 December 31, 2000
 (Continued)

Assets (Continued)

Receivables: (Continued)

Due From 1999 Tax Account-

Overpayment of Amounts Due	\$	1,230	
Tax Commissions		1,190	
Interest		941	
Sheriff's Fee		328	
Miscellaneous Fees		40	
			\$ 3,729

Total Receivables \$ 76,000

Total Assets \$ 122,630

Liabilities

Paid Obligations:

Outstanding Checks	\$	18,508	
Other Paid Obligations:			
U.S. Treasurer - Payroll Taxes and FICA		6,832	
State Treasurer-			
State Withholdings		1,099	
Clinton County Fiscal Court-			
County Withholdings		354	
Retirement		238	
Other Vendors		2,082	

Total Paid Obligations \$ 29,113

Unpaid Obligations:

U.S. Treasurer -

Federal Tax Withholdings and Matching-

1998 Fees	\$	9,361	
1999 Fees		9,971	\$ 19,332

Kentucky State Treasurer-

Carrying Concealed Deadly Weapon Permits-

1998 Fees	\$	160	
1999 Fees		640	
2000 Fees		1,875	2,675

CLINTON COUNTY
 KAY RIDDLE, COUNTY SHERIFF
 SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS
 December 31, 2000
 (Continued)

Liabilities (Continued)

Unpaid Obligations: (Continued)

Clinton County Fiscal Court-

Retirement Withholdings and Matching-

1997 Fees	\$	452	
1998 Fees		2,024	
1999 Fees		1,756	
2000 Fees		2,168	\$ 6,400

County Withholdings-

1999 Fees	\$	224	
2000 Fees		178	402

Excess Fees For Calendar Year 2000 6,907

Kentucky Law Enforcement Foundation

Program Fund-

Overpayment of Grant

1999 Fees	\$	1,341	
2000 Fees		536	1,877

1996 Tax Account-

Refunds 3,096

1997 Tax Account-

Overpayment of Tax Commissions-

1998 Fees	\$	9,423	
1999 Fees		11,000	20,423

Franchise Taxes Deposited to Fee Account 1,172

Bank Service Charges 24

1998 Tax Account-

Overpayment of Tax Commissions-

1998 Fees	\$	14,813	
1999 Fees		13,998	28,811

Taxes Deposited to Fee Account 1,717

Bank Service Charges 110

2000 Tax Account-

Overpayment of Tax Commissions-

2000 Fees 3,957

CLINTON COUNTY
 KAY RIDDLE, COUNTY SHERIFF
 SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS
 December 31, 2000
 (Continued)

Liabilities (Continued)

Unpaid Obligations: (Continued)

Due to Employees for 1998 Fees-		
Underpayment of Wages	\$	274
FICA Over-withheld		58
Due to Employees for 1999 Fees-		
Over-withheld County Payroll Tax		3
Due to Employees for 2000 Fees-		
Underpayment of Wages		22
Due to Sheriff-		
Underpayment of Statutory Maximum-		
1999 Fees	\$	281
2000 Fees		114
Over-withheld FICA		395
Depreciation-		4
1998 Fees	\$	6,374
1999 Fees		5,377
2000 Fees		2,767
Other Vendors-		14,518
Law Enforcement Equipment	\$	119
Vehicle Maintenance and Repairs		340
		459
Total Unpaid Obligations	\$	112,636
Total Liabilities	\$	141,749
Total Fund Deficit as of December 31, 2000	\$	(19,119)
Credit For Sheriff's Personal Deposit as of June 4, 2001 (Note 8)		19,119
Total	\$	0

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COMMENTS AND RECOMMENDATIONS

CLINTON COUNTY
KAY RIDDLE, COUNTY SHERIFF
COMMENTS AND RECOMMENDATIONS

Calendar Year 2000

FEDERAL/STATE LAWS AND REGULATIONS:

- 1) The Sheriff Should Seek To Receive \$53,814 Toward His Statutory Maximum Salary And Related Payroll Taxes For Calendar Year 1999 From The Fiscal Court

During calendar year 1999, the Sheriff's office fee account expended \$42,481 more for allowable expenditures than it received in fees and other revenue receipts. This fiscal condition prevented the Sheriff from receiving his full statutory maximum salary in accordance with the salary schedule set out in KRS 64.5275. KRS 64.535 states that "[t]he . . . sheriff shall . . . receive a monthly salary of one-twelfth (1/12) of the amount indicated by the salary schedule in KRS 64.5275." This statute mandates that the Sheriff is entitled to receive his statutory maximum salary, even if his office fails to generate sufficient fees and other revenues to cover all allowable expenses of his office, including the expense of the sheriff's maximum salary as set out in the salary schedule in KRS 64.5275. Thus, because the Sheriff's office had a revenue shortfall for calendar year 1999 and was unable to pay all allowable expenses for calendar year 1999, out of fees and other revenues generated by his office, it is the responsibility of the fiscal court to provide funding for the Sheriff's 1999 statutory maximum salary.

The Clinton County Fiscal Court should fund the Sheriff's statutory maximum salary amount for calendar year 1999 by covering the Sheriff's office fee account revenue shortfall of \$42,481.

In addition, OAG 68-51 and OAG 79-433 state that the fiscal court is to pay the employer's (i.e. the Sheriff's office's) share of Social Security and unemployment insurance. Therefore, the Clinton County Fiscal Court should reimburse the Clinton County Sheriff's office \$10,682 and \$651 for expenditures during calendar year 1999 for the employer's share of social security and unemployment insurance, respectively, for a total of \$11,333.

Based on the above, the sheriff should seek to have the fiscal court remit \$53,814 (\$42,481 plus \$11,333) to the Sheriff's office fee account for calendar year 1999.

Sheriff's Response:

None.

- 2) The Sheriff Should Pay Excess Fees Of \$6,907 To County Treasurer For Calendar Year 2000

During calendar year 2000, the Sheriff's fee account had excess fees of \$6,907. The Clinton County Fiscal Court did not reimburse the Clinton County Sheriff's office \$8,627 for the employer's share of FICA as required by OAG 68-51. If the fiscal court had paid the Sheriff's office these funds, excess fees due to the county would have been \$15,534 for calendar year 2000. We recommend that the sheriff pay the county treasurer the remaining balance of excess fees of \$6,907.

Sheriff's Response:

We were not aware of any excess fees.

CLINTON COUNTY
 KAY RIDDLE, COUNTY SHERIFF
 COMMENTS AND RECOMMENDATIONS
 Calendar Year 2000
 (Continued)

FEDERAL/STATE LAWS AND REGULATIONS: (Continued)

3) The Sheriff Should Expend Public Funds Only For Necessary Expenses Of The Sheriff's Office

In Funk vs. Milliken, 317 S.W.2d 499 (Ky. 1958), Kentucky's highest court reaffirmed the rule that county fee officials' expenditures of public funds will be allowed only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not personal expenses. Therefore, the following expenditures are disallowed:

<u>Type</u>	<u>Amount</u>	<u>Reason Disallowed</u>
Penalties and Interest	\$ 1,641	Not Beneficial To Public

We recommend that in the future only expenditures necessary for the operation of the Sheriff's office be paid from the official account.

Sheriff's Response:

We didn't have the money to match Funds on withholding taxes. The Fiscal Court owed these monies; therefore, the Sheriff has to pay these monies from his personal funds. Due to the payments being made late.

4) The Sheriff Should Transfer Correct Commissions From Tax Collections

The Sheriff earned \$66,010 in tax commissions for calendar year 2000. However, net commission paid to the fee account totaled \$68,777. A balance of \$2,767 is due from the fee account to the tax account. This balance consists of \$1,190 due from the 1999 tax account and \$3,957 due to the 2000 tax account. KRS 134.170 states ". . .the sheriff shall not apply or use any money received by him for any purpose other than that which the money was paid or collected." We recommend the Sheriff pay actual tax commissions earned to the fee account on a monthly basis.

Sheriff's Response:

We will correct this matter.

5) The Sheriff Should Maintain Accurate Accounting Records

During the audit of the Sheriff's receipts and disbursements for calendar year 2000, we noted errors in the Sheriff's accounting records. These included the following:

- a) Some delinquent tax receipts were deposited one month to five months late. The Sheriff should deposit all receipts in a timely manner. Technical Audit Bulletin 93-002, Section 3 requires the Sheriff to deposit funds intact on a daily basis.
- b) The Sheriff's disbursements ledger was not posted accurately. Some 1999 expenditures had been charged to the 2000 fees. KRS 68.210, the Uniform System of Accounts, requires the Sheriff to accurately keep and maintain a daily disbursements ledger.

CLINTON COUNTY
KAY RIDDLE, COUNTY SHERIFF
COMMENTS AND RECOMMENDATIONS
Calendar Year 2000
(Continued)

FEDERAL/STATE LAWS AND REGULATIONS: (Continued)

5) The Sheriff Should Maintain Accurate Accounting Records (Continued)

- c) The Sheriff failed to maintain or produce proper documentation for all expenditures during audit period. In Funk vs. Milliken, 317 S.W. 2d 499 (Ky. 1958), the Kentucky Supreme Court reaffirmed that county fee officials' expenditures of public funds are allowable only if reasonable in amount, beneficial to the public, adequately documented, and not a personal expense.

We recommend the Sheriff initiate procedures to ensure that all accounting records be accurately maintained, that invoices and other supporting documentation be retained for all disbursements and that these documents be stamped, perforated, or otherwise canceled to reflect payments, and that all funds be deposited intact on a daily basis.

Sheriff's Response:

We thought we were doing better, to the best of our ability, but we welcome any assistance From the Department of Local Government in correcting some of these problems.

6) The Fiscal Court Should Properly Set Deputy Sheriff Salaries Annually

KRS 65.530(3) requires the fiscal court to fix annually the maximum amount, including fringe benefits, which the Sheriff may expend for deputies and assistants, and allow the Sheriff to determine the number to be hired and the individual compensation of each deputy and assistant. The fiscal court passed orders concerning the maximum salaries for the Sheriff's deputies for calendar year 2000 on May 24, 2000 and June 1, 2000. However, the fiscal court orders do not clearly show the amount of maximum salaries for the Sheriff's deputies for calendar year 2000. We recommend the fiscal court comply with KRS 64.530(3) by clearly setting the maximum salaries and fringe benefits for the Sheriff's deputies on an annual basis by using the "Annual Order Setting Maximum Amount For Deputies And Assistants" provided in Department for Local Government's Instructional Guide For County Budget Preparation & State Local Finance Officer Policy Manual.

Sheriff's Response:

We presented our salary caps to the Court and the Court failed to pass salaries.

CLINTON COUNTY
KAY RIDDLE, COUNTY SHERIFF
COMMENTS AND RECOMMENDATIONS
Calendar Year 2000
(Continued)

FEDERAL/STATE LAWS AND REGULATIONS: (Continued)

7) The Sheriff Should Properly Report Payroll Wages And Withholdings

Sheriff Riddle failed to properly report payroll wages and withholdings to the County Employees Retirement System, the Internal Revenue Service, and Kentucky Revenue Cabinet.

a) Retirement

KRS 78.610 requires employees of a participating county to contribute 5% of his or her compensation to the County Employees Retirement System (CERS). The Sheriff reports retirement wages and withholdings to the Clinton County Treasurer. He also pays retirement withholdings to the County Treasurer.

The County Treasurer then reports and pays retirement to CERS. However, for calendar year 2000, retirement wages of \$31,137 and retirement withholdings of \$1,557 were not reported to the County Treasurer.

The Sheriff is also required to pay the County Treasurer the employer's share of retirement for the wages reimbursed from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF). The Sheriff did not pay all of the employer's share of retirement for KLEFPF wages to the County Treasurer. For calendar year 2000, the Sheriff's office owed the County Treasurer \$661 and paid her \$50 for a difference of \$611.

As of December 31, 2000, the Clinton County Sheriff's office owes the County Treasurer \$6,400 for retirement withholdings and employer's share of retirement. This amount includes the following amounts: \$452 for 1997 fees, \$2,024 for 1998 fees, \$1,756 for 1999 fees, and \$2,168 for 2000 fees. In addition, as of December 31, 2000, the Clinton County Fiscal Court owes the balance of \$1,124 to the Sheriff's office for overpayment of the employer's share of retirement for 1999 fees. The Sheriff should promptly report and pay employees' retirement wages and withholdings to the County Treasurer. Also, the Sheriff should properly pay all employer's share of retirement reimbursed from KLEFPF to the County Treasurer.

b) Federal

26 USCA § 3402 states that “. . . every employer making payment of wages shall deduct and withhold upon such wages. . .” federal income taxes. In addition, 26 USCA § 3102 requires every employer to withhold FICA from wages. Every employer is required by federal law to file each quarter an Employer's Quarterly Federal Tax Return with the Internal Revenue Service (IRS). This return should include total wages for all employees, income tax withheld from all wages, and FICA withheld. However, per returns provided to auditor for calendar year 2000, wages and FICA withholdings were over - reported to the IRS. In addition, federal withholdings were underreported to the IRS. The Sheriff is also not making federal deposits timely as required by federal law.

CLINTON COUNTY
 KAY RIDDLE, COUNTY SHERIFF
 COMMENTS AND RECOMMENDATIONS
 Calendar Year 2000
 (Continued)

FEDERAL/STATE LAWS AND REGULATIONS: (Continued)

7) The Sheriff Should Properly Report Payroll Wages And Withholdings (Continued)

b) Federal (Continued)

As of December 31, 2000, the Clinton County Sheriff's office owes the Internal Revenue Service \$19,332 for federal withholdings, FICA and Medicare withholdings, and employer's share of FICA and Medicare. This amount includes the following amounts: \$9,361 for 1998 fees and \$9,971 for 1999 fees. The Sheriff should properly report all wages and withholdings to the IRS on the Employer's Quarterly Federal Tax Returns on a timely basis. The Sheriff should also make federal deposits on a timely basis.

c) State

KRS 141.310 states that ". . .every employer making payment of wages on or after January 1, 1971, shall deduct and withhold upon the wages. . . ." state income taxes. KRS 141.330 requires every employer to file on or before the last day of the month following the close of each quarterly period a return reporting the tax withheld for that quarter. This return should include total wages for all employees and Kentucky income tax withheld. However, for calendar year 2000, wages and state withholdings were over - reported to the Kentucky Revenue Cabinet. In addition, returns and payments were made one month to four months late. The Sheriff should accurately report and pay all wages and state withholdings to the Kentucky Revenue Cabinet on a timely basis.

d) County

Clinton County Fiscal Court Ordinance No. 1999-OLFTAX states that ". . .effective April 1, 1999 the THREE FOURTHS OF ONE PERCENT Occupational License Fee Ordinance 1999-OLFTAX applies to all individuals, employers, partnerships, corporations, and businesses in Clinton County." This ordinance requires every employer to ". . .withhold THREE FOURTHS OF ONE PERCENT license fee from gross wages, salaries, and commissions paid to employees for services performed within Clinton County." The employer is to file a return of occupational tax which reports license fees withheld from employees on a quarterly basis. This return should include total wages of all employees and license fees withheld. However, license fees were not withheld on all compensation of employees. In addition, for calendar year 2000, the Sheriff did not report wages of \$32,654 to the Clinton County Occupational Tax Administrator. In addition, license fees withheld of \$180 were not reported to the Clinton County Occupational Tax Administrator. As of December 31, 2000, the Clinton County Sheriff's office owes the Clinton County Occupational Tax Administrator \$402 for license fees withheld. This amount includes the following amounts: \$224 for 1999 fees and \$178 for 2000 fees. The Sheriff's office should report and pay all wages and license fees withheld to the Clinton County Occupational Tax Administrator. In addition, the Sheriff should withhold license fees from all compensation of employees.

CLINTON COUNTY
KAY RIDDLE, COUNTY SHERIFF
COMMENTS AND RECOMMENDATIONS
Calendar Year 2000
(Continued)

FEDERAL/STATE LAWS AND REGULATIONS: (Continued)

7) The Sheriff Should Properly Report Payroll Wages And Withholdings (Continued)

d) County (Continued)

We are referring these matters to the County Employees Retirement System, the Internal Revenue Service, and the Kentucky Revenue Cabinet for further action.

Sheriff's Response:

Some of these obligations have been paid and we have a new computer system designed to handle all of the offices needs.

8) The Sheriff's Office Should Submit A Report To The Fiscal Court For Reimbursement Of Employer's Share Of FICA

OAG 68-51 opines that the fiscal court must pay the employer's share of FICA contributions for the county sheriff's deputies and assistants. The Clinton County Fiscal Court did not reimburse the Clinton County Sheriff's office \$8,627 for expenditures during calendar year 2000 for employer's share of FICA. If the fiscal court had paid the Sheriff's office these funds, excess fees due to the county would have been \$15,534 for calendar year 2000. In the future, we recommend that the Sheriff's office submit a report to the Fiscal Court for reimbursement of employer's share of FICA on a monthly basis.

Sheriff's Response:

We did not think we had any excess fees, especially if we still have unpaid obligations.

9) The Sheriff Should Prepare And Publish An Annual Settlement

The Sheriff has not prepared an annual settlement as required by KRS 134.310(5). KRS 134.310(5) requires the Sheriff to file an annual settlement with the fiscal court when he files his yearly tax settlement, with September 1 being the latest date to file. In addition, the Sheriff did not publish an annual settlement in accordance with KRS 424.220, which requires financial statements be published within 60 days after the end of the calendar year. We recommend the Sheriff comply with these statutes by preparing, publishing, and filing an annual settlement within the proper time periods.

Sheriff's Response:

We will prepare and publish annual settlement.

CLINTON COUNTY
KAY RIDDLE, COUNTY SHERIFF
COMMENTS AND RECOMMENDATIONS
Calendar Year 2000
(Continued)

FEDERAL/STATE LAWS AND REGULATIONS: (Continued)

10) The Sheriff Should Obtain Reimbursement From State For Expenses

The Sheriff is allowed to obtain reimbursement from the Commonwealth of Kentucky for certain expenses. Some of these expenses are waiting on the court, transporting prisoners, and return of fugitives. Sheriff Riddle did not obtain reimbursement for these expenses during calendar year 2000. We recommend that in the future Sheriff Riddle obtain reimbursement from the state for expenses whenever possible.

Sheriff's Response:

We will start reimbursement procedures immediately.

11) The Sheriff Should Have Required Depository Institutions To Pledge Or Provide Additional Collateral Of \$75,658 To Protect Deposits

On December 5, 2000, \$75,658 of the Sheriff's deposits of public funds in depository institutions were uninsured and unsecured. According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with Federal Deposit Insurance Corporation insurance, equals or exceeds the amount of public funds on deposit at all times. We recommend that the Sheriff require the depository institution to pledge or provide collateral in an amount sufficient to secure deposits of public funds at all times.

Sheriff's Response:

We will raise our pledge.

INTERNAL CONTROL - REPORTABLE CONDITIONS:

12) Lacks Adequate Segregation Of Duties

We noted the lack of an adequate segregation of duties for the internal control structure and its operation that in our judgement is a reportable condition under standards established by the American Institute of Certified Public Accountants. Management has considered and rejected additional cost when setting budget limits on spending for salaries and therefore accepts the degree of risk for a lack of an adequate segregation of duties. However the lack of an adequate segregation of duties and the failure to maintain accurate accounting records are hereby noted as reportable conditions pursuant to professional auditing standards

Sheriff's Response: We do the best we can.

CLINTON COUNTY
KAY RIDDLE, COUNTY SHERIFF
COMMENTS AND RECOMMENDATIONS
Calendar Year 2000
(Continued)

PRIOR YEAR COMMENTS AND RECOMMENDATIONS:

In the prior year audit report, we made the following comments and recommendations:

- The Sheriff Should Not Have A Deficit Of \$17,478 In His Official Fee Account As Of December 31, 1999
- The Fiscal Court Should Provide Funding To The Sheriff's Office In The Amount Of \$53,814 For Calendar Year 1999
- The Sheriff Should Expend Public Funds Only For Necessary Expenses Of The Sheriff's Office
- The Sheriff Should Transfer Correct Commissions From Tax Collections
- The Sheriff Should Maintain Accurate Accounting Records
- The Sheriff Should Maintain Accurate Payroll Records
- The Fiscal Court Should Set Deputy Sheriff Salaries Annually
- The Sheriff Should Properly Report Payroll Wages And Withholdings
- Fiscal Court Should Reimburse The Sheriff For Employer's Share of Social Security and Unemployment Insurance Totaling \$11,333
- The Sheriff Should Prepare And Publish An Annual Settlement
- The Sheriff Should Pay Invoices In A Timely Manner
- The Sheriff Should Obtain Reimbursement From State For Expenses
- The Internal Control Structure Of The Sheriff's Office Is Weak Due To A Lack Of Adequate Segregation Of Duties

These findings have not been corrected and have been commented on in the current audit report except as noted below.

- The Sheriff Should Not Have A Deficit Of \$17,478 In His Official Fee Account As Of December 31, 1999
- The Sheriff Should Pay Invoices In A Timely Manner
- The Sheriff Should Maintain Accurate Payroll Records-
Individual earnings records were materially correct and time records are maintained for calendar year 2000

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Charlene King, Clinton County Judge/Executive

Honorable Kay Riddle, Clinton County Sheriff

Members of the Clinton County Fiscal Court

**Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

We have audited the Clinton County Sheriff for the year ended December 31, 2000, and have issued our report thereon dated April 29, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Clinton County Sheriff's financial statement for the year ended December 31, 2000, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations.

- The Sheriff Should Seek To Receive \$53,814 Toward His Statutory Maximum Salary And Related Payroll Taxes For Calendar Year 1999 From The Fiscal Court
- The Sheriff Should Pay Excess Fees of \$6,907 To County Treasurer For Calendar Year 2000
- The Sheriff Should Expend Public Funds Only For Necessary Expenses Of The Sheriff's Office
- The Sheriff Should Transfer Correct Commissions From Tax Collections
- The Sheriff Should Maintain Accurate Accounting Records
- The Fiscal Court Should Properly Set Deputy Sheriff Salaries Annually
- The Sheriff Should Properly Report Payroll Wages And Withholdings

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Compliance (Continued)

- The Sheriff's Office Should Submit A Report To The Fiscal Court For Reimbursement Of Employer's Share Of FICA
- The Sheriff Should Prepare And Publish An Annual Settlement
- The Sheriff Should Obtain Reimbursement From State For Expenses
- The Sheriff Should Have Required Depository Institutions To Pledge Or Provide Additional Collateral Of \$75,658 To Protect Deposits

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clinton County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying comments and recommendations.

- The Sheriff Should Expend Public Funds Only For Necessary Expenses Of The Sheriff's Office
- The Sheriff Should Transfer Correct Commissions From Tax Collections
- The Sheriff Should Maintain Accurate Accounting Records
- The Fiscal Court Should Properly Set Deputy Sheriff Salaries Annually
- The Sheriff Should Properly Report Payroll Wages And Withholdings
- The Sheriff Should Prepare And Publish An Annual Settlement
- The Sheriff Should Obtain Reimbursement From State For Expenses
- Lacks Adequate Segregation Of Duties

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider the following to be material weaknesses:

- The Sheriff Should Maintain Accurate Accounting Records
- The Fiscal Court Should Properly Set Deputy Sheriff Salaries Annually
- The Sheriff Should Properly Report Payroll Wages And Withholdings

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

- The Sheriff Should Obtain Reimbursement From State For Expenses
- Lacks Adequate Segregation Of Duties

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett".

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 29, 2002

